

COVID-19 Coronavirus: Summary of business/financial actions to consider - as at Friday 3rd April 2020

In providing our updates we are mindful of both urgency and accuracy. In particular, we are concerned the application and eligibility rules of the various governments' support packages to each business's and individual's circumstances cannot be ascertained until the relevant legislation is passed, released, and - perhaps most importantly - then analysed. We are seeing instances of the release and circulation of well-intentioned misinformation and factually incorrect analysis from various sources - including from government departments. As such, we urge you to exercise caution if you are intending to make important decisions on the basis of measures that are not yet legislated. As an example, and certainly in particular, the federal government's announced JobKeeper Payment subsidy program currently has many unanswered questions. Please see below for our specific comments and recommendations relating to this program.

These comments are certainly not made to denigrate the efforts and abilities of any individual or group – we recognise everyone is under pressure, and are simply seeking to apply their best endeavours and resources to help our communities through the current situation.

We recognise there may be certain support measures applicable to you and/or your business which contain time-critical elements. If you believe this may be the case for any of the support measures please ensure you get in touch with us as soon as possible where we will identify what actions are required to be taken.

We again recognise there is a large amount of information and advice sources below and that some, or much, of this will not apply to you, your family and/or your business. Further to this overview, we have separated the information into sections on our COVID-19 UPDATES page so that you can quickly and easily find what applies to you. https://www.flowerseddycpa.com.au/covid19updates.php.

As always we are available and capable to provide assistance and address any specific questions you require clarification or assistance with. We are well briefed on the legislated (thus far) support measures, and have formulated strategies to apply those measures. We will have clarity around the Federal Government's third round of business support measures following the anticipated passing of the relevant legislation on Wednesday the 8th of April. At that point we will be in a position to provide fully informed and complete advice on all the various governments' support measures as they apply to your position, inclusive of instructions and actions to avail yourself of those measures.

We at Flowers Eddy CPA reiterate our best wishes in health, family life and business to you, your friends, families and support networks. We are here to provide any support you require. Please don't hesitate to reach out to us for that support.

Dan, Marg, Gavin and the FECPA team

Dan Skinner Director Flowers Eddy CPA





Please note - the information below is current as at Friday 3rd April 2020.

<u>Federal Government's Economic Response to Coronavirus I and II –</u> announced 12 March and 22 March - LEGISLATION PASSED 23 MARCH.

Who it applies to? - Eligible businesses including those employing staff.

The initial and second federal support packages include assistance to eligible businesses: - via tax-free payments of between \$20,000 and \$100,000 via the BAS lodgement system for those business that employ staff; by increasing the instant asset write-off threshold; and introducing a business investment incentive and supporting apprentices and trainees. We are well placed to guide you through how these measures apply to your specific circumstances.

Details can be found on the following links:

https://www.ato.gov.au/General/COVID-19/Support-for-businesses-and-employers/https://treasury.gov.au/coronavirus/businesses

Who it applies to? – Individuals financially affected by the coronavirus.

The government is allowing financially affected individuals early access of up to \$10,000 of their superannuation in the 19/20 and 20/21 financial years on a tax-free basis. Per the ATO "From mid-April 2020, eligible individuals will be able to apply online through myGov to access up to \$10,000 of their superannuation before 1 July 2020. They will also be able to access up to a further \$10,000 from 1 July 2020 for approximately three months." To be eligible any one or more of the following conditions must be satisfied:

- 1.) You are unemployed;
- 2.) You are eligible to receive a job seeker payment, youth allowance for jobseekers, parenting payment (which includes the single and partnered payments), special benefit or farm household allowance; or
- 3.) On or after 1 January 2020, either
 - you were made redundant
 - your working hours were reduced by 20% or more
 - if you are a sole trader, your business was suspended or there was a reduction in your turnover of 20% or more.

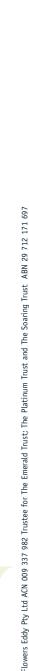
Should you be in such a position and potentially wish to avail yourself of this option we suggest a myGov account be setup in advance of applications opening on 20 April 2020.

Details can be found on the following links:

https://treasury.gov.au/sites/default/files/2020-03/Fact_sheet-Early_Access to Super_2.pdf https://www.ato.gov.au/General/COVID-19/Support-for-individuals-andemployees/#Earlyreleaseofsuperannuation

https://www.mygovid.gov.au/







<u>Federal Government's Economic Response to Coronavirus I and II – announced 12 March and 22 March - LEGISLATION PASSED 23 MARCH - CONTINUED</u>

Who it applies to? – Superannuation pension and age pension recipients.

Per the ATO: "The government is temporarily reducing superannuation minimum drawdown requirements for account-based pensions and similar products by 50% for 2019–20 and 2020–21. This measure will benefit retirees holding these products by reducing the need to sell investment assets to fund minimum drawdown requirements.

The government is also reducing both the upper and lower social security deeming rates by a further 0.25 percentage points in addition to the 0.5 percentage point reduction to both rates announced on 12 March 2020."

For SMSF pensioners we can advise your reduced 2019-20 pension minimum drawdowns and will be sending further detail on this measure as soon as possible.

Details can be found on the following links:

https://www.ato.gov.au/General/COVID-19/Support-for-individuals-and-employees/#Reducingsuperannuationminimumdrawdownrat https://treasury.gov.au/coronavirus/households#super https://treasury.gov.au/coronavirus/households#deeming



<u>Federal Government's Economic Response to Coronavirus III (JOBKEEPER PAYMENT) – announced 30 March - LEGISLATION NOT YET PASSED – PARLIAMENT DUE TO SIT WEDNESDAY 8 APRIL.</u>

Who it applies to? – Employers (including not-for-profits), eligible employees and self-employed individuals.

Per Treasury: "If your business has been significantly impacted by the Coronavirus you will be able to access a wages subsidy to continue paying your employees. Under the JobKeeper program, you will be able to claim a fortnightly payment of \$1,500 per eligible employee from 30 March 2020, for a maximum of six months. This assistance will help you keep staff and will help you restart when the crisis is over."

We understand both employees and employers are eager to access this subsidy where eligible. Whilst Treasury and the ATO have released initial information on this program, only on release of the relevant legislation can a business or individual be certain of their eligibility. Even where eligible, many factors should be considered by both employees and employers before making changes to their current employment arrangements. The initial and perhaps seemingly obvious plan may be not the most advantageous for your particular situation. Please refer to the *JobSeeker vs JobKeeper* document accessible via our COVID-19 UPDATES website page:

https://www.flowerseddycpa.com.au/covid19-updates.php which highlights some examples of important points to consider for both employees and employers.

As an initial step in accessing this program the ATO is **inviting businesses** to register their interest in accessing the JobKeeper payment program. This registration is accessible via the following link: https://www.ato.gov.au/general/gen/JobKeeper-payment/

Details can be found on the following links:

https://treasury.gov.au/coronavirus/jobkeeper

https://www.ato.gov.au/General/New-legislation/The-Australian-Government-s-Economic-Response-to-Coronavirus/#JobseekerPayment

ATO Administrative Assistance via Tailored Support

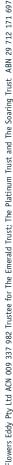
Who it applies to? - Eligible businesses and individuals.

Should you or your business experience difficulties with tax lodgements or payments, the ATO has put in place policies to assist on a case-by-case basis, such as – payment deferrals, PAYG instalment variations and low interest payment plans. We understand - and expect - the ATO to take a supportive approach in applying these assistance measures. We note the ATO directs those affected to call their Emergency Support line on 1800 806 218, however we would be happy to assist in assessing if, and if so - how, these measures may assist you and/or your business.

Details can be found on the following link:

https://www.ato.gov.au/General/COVID-19/Additional-support-during-COVID-19/







WA Government stimulus I – released 16 March 2020.

Who it applies to - Eligible businesses and households.

The Western Australian Government's initial stimulus package includes payroll tax relief and a freeze on household fees and charges. We note most of these measures will require either no action at all or your personal attention to the relevant state government departments. However some, such as the payroll tax measures, we can directly assist you with.

Details can be found on the following links:

https://www.wa.gov.au/organisation/department-of-the-premier-and-cabinet/covid-19-coronavirus-western-australian-government-response#government-stimulus

WA Government stimulus II – announced 31 March 2020.

Who it applies to - Eligible businesses and households.

The Western Australian Government's second stimulus package includes further payroll tax relief and an economic and health relief package to support Western Australian businesses, households and community groups, and to boost the response by health and frontline services to the COVID-19 pandemic.

These relief measures include:

- Further relief for households experiencing financial hardship due to COVID-19, including
 extension of the Energy Assistance Payment, no disconnections for power and water and
 additional support for Keystart customers.
- \$502 million for small businesses including a reduction in electricity bills, licences fees waived, and additional payroll tax relief.

Details can be found on the following links:

https://www.wa.gov.au/government/announcements/covid-19-payroll-tax-relief

https://www.wa.gov.au/government/multi-step-guides/payroll-tax-employer-guide/covid-19-relief-payroll-tax-employer-guide

https://www.wa.gov.au/organisation/department-of-the-premier-and-cabinet/covid-19-coronavirus-business-and-industry-advice

https://www.wa.gov.au/organisation/department-of-treasury







Workplace Laws under federal and state jurisdictions.

Depending on the structure of a business either state or federal workplace laws apply to that business and its employees.

For businesses operating as Pty Ltd trading companies or trusts with a Pty Ltd company as trustee the relevant authority is the Federal Government's Fair Work system.

Details can be found on the following link:

https://www.fairwork.gov.au/about-us/news-and-media-releases/website-news/coronavirus-and-australian-workplace-laws

For businesses operating as sole-traders, partnerships or trusts with individual trustees the relevant authority is the state government jurisdiction in which that business operates. For Western Australia the WA state industrial relations system applies.

Details can be found on the following link:

https://www.commerce.wa.gov.au/labour-relations/employment-impacted-covid-19-coronavirus

Whilst we are not employment lawyers, please contact us if you require assistance in applying the information contained in these workplace system links to your affairs. We also have contact details for specialist employment lawyers, should you wish to engage their expert advice.

Temporary relief for financially distressed businesses

Temporary amendments seeking to provide a safety net for business facing financial distress have been made to provisions relating to liquidations, statutory demand response times, insolvencies and related matters.

Details can be found on the following link:

https://treasury.gov.au/coronavirus/businesses#financialdistress

Child Care and Early Childhood Education Relief Package

The Federal Government has announced a relief package for the child care and early childhood education sector designed to provide free childcare.

Please refer to the *Child Care and Early Childhood Relief Package* document accessible via our COVID-19 UPDATES website page: https://www.flowerseddycpa.com.au/covid19-updates.php which outlines the initial details of this relief package.

Liability limited by a scheme approved under Professional Standards Legislation





Centrelink

Income support for individuals:

Over the next six months, the Government is temporarily expanding eligibility to income support payments and establishing a new, time-limited Coronavirus supplement to be paid at a rate of \$550 per fortnight. This will be paid to both existing and new recipients of JobSeeker Payment, Youth Allowance Jobseeker, Parenting Payment, Farm Household Allowance and Special Benefit.

Details can be found on the following link: https://treasury.gov.au/coronavirus/households#income

Payments to support households:

The Government is providing two separate \$750 payments to social security, veteran and other income support recipients and eligible concession card holders. The first payment will be made from 31 March 2020 and the second payment will be made from 13 July 2020. Around half of those that benefit are pensioners. This payment will help to support confidence and domestic demand in the economy. The second payment will not be made to those eligible for the Coronavirus supplement.

Details can be found on the following link: https://treasury.gov.au/coronavirus/households#households

Bank Assistance

The Australian Banking Association advises "Australian banks have hardship teams ready to help. If you're dealing with the impact of the COVID-19 pandemic, or drought, bushfire or flood, there are practical ways your bank can help. The type of assistance will depend on individual circumstances". We encourage you to contact your bank to discuss your circumstances and options.

Details can be found on the following link which contains direct links to most bank websites: https://www.ausbanking.org.au/campaigns/financial-hardship/

Supporting the flow of credit

The Government, Reserve Bank of Australia and the Australian Prudential Regulation Authority have taken coordinated action to support the flow of credit in the Australian economy, in particular for small and medium enterprises (SMEs). These actions include but are not limited to government guarantees for certain SME loans and quick and efficient access to credit.

Details can be found on the following link:

https://treasury.gov.au/coronavirus/business-investment



Liability limited by a scheme approved under Professional Standards Legislation